



# Oman: Reform, Security, and U.S. Policy

**Kenneth Katzman**

Specialist in Middle Eastern Affairs

August 30, 2012

Congressional Research Service

7-5700

[www.crs.gov](http://www.crs.gov)

RS21534

**CRS Report for Congress**

*Prepared for Members and Committees of Congress*

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE <b>30 AUG 2012</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-2012 to 00-00-2012</b>	
4. TITLE AND SUBTITLE <b>Oman: Reform, Security, and U.S. Policy</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>The Library of Congress ,Congressional Research Service,101 Independence Ave, SE,Washington,DC,20540</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT <b>Same as Report (SAR)</b>	18. NUMBER OF PAGES <b>21</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

## Summary

Prior to the wave of unrest that has swept the Middle East in 2011, the United States had consistently praised Sultan Qaboos bin Sa'id Al Said for gradually opening the political process in the Sultanate of Oman in the early 1980s without evident public pressure. The liberalization allowed Omanis a measure of representation but without significantly limiting Qaboos' role as major decision maker. Some Omani human rights activists and civil society leaders, along with many younger Omanis, were always unsatisfied with the implicit and explicit limits to political rights and believed the democratization process had stagnated. This disappointment may have proved deeper and broader than experts believed when protests broke out in several Omani cities beginning in late February 2011, after the toppling of President Hosni Mubarak of Egypt. The generally positive Omani views of Qaboos, coupled with economic and minor additional political reform measures and repression of protest actions, caused the unrest to subside. However, protests have continued sporadically in 2012. High turnout in the October 15, 2011, elections for the lower house of Oman's legislative body suggested the unrest produced a new public sense of activism, although with public recognition that reform will continue to be gradual.

The Administration did not alter its policy toward Oman during the height of the unrest, perhaps because Oman is a long-time U.S. ally in the Persian Gulf. It was the first Gulf country to formally allow the U.S. military to use its bases and other facilities and has done so for virtually every U.S. military operation in and around the Gulf since 1980, despite the sensitivities in Oman about a visible U.S. military presence there. Oman has become a regular buyer of U.S. military equipment, moving away from its prior reliance on British military advice and equipment. Oman also has consistently supported U.S. efforts to achieve a Middle East peace by publicly endorsing peace treaties reached and by occasionally meeting with Israeli leaders in or outside Oman. It was partly in appreciation for this alliance that the United States entered into a free trade agreement (FTA) with Oman, which is also intended to help Oman diversify its economy to compensate for its relatively small reserves of crude oil.

Unlike the other Persian Gulf monarchies, Oman does not perceive a major potential threat from Iran. Sultan Qaboos has consistently maintained ties to Iran's leaders, despite the widespread international criticism of Iran's nuclear program and foreign policy. Successive U.S. Administrations have downplayed the Iran-Oman relationship, perhaps in part because Oman has sometimes been useful as an intermediary between the United States and Iran. Oman played the role of broker between Iran and the United States, including in the September 2011 release of two U.S. hikers from Iran after two years in jail there. For further information on regional dynamics that affect Oman, see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

## Contents

Introduction.....	1
Democratization, Human Rights, and 2011 Unrest .....	2
Representative Institutions and Election History .....	3
Electoral History .....	4
2011 Unrest: Dissatisfaction, but Not Hunger for Major Change .....	4
October 2011: Election Following The Bulk of the Unrest.....	5
U.S. Responses.....	6
Broader Human Rights Issues .....	6
Freedom of Expression/Media .....	7
Labor Rights.....	7
Religious Freedom .....	7
Advancement of Women .....	7
Trafficking in Persons .....	8
Defense and Security Ties.....	8
U.S. Arms Sales and other Security Assistance to Oman .....	10
Arms Purchases by Oman .....	10
Cooperation Against Islamic Militancy.....	12
Cooperation on Regional Issues .....	13
Iran .....	13
Iraq .....	14
Afghanistan .....	15
Arab-Israeli Issues.....	15
Yemen.....	16
Other GCC and Regional Issues: Bahrain, Libya, and Syria .....	16
Border Disputes with UAE .....	17
Economic and Trade Issues.....	17
Economic Aid.....	18

## Figures

Figure 1. Map of Oman.....	2
----------------------------	---

## Tables

Table 1. Some Key Facts on Oman.....	1
Table 2. Recent U.S. Aid to Oman.....	12

## Contacts

Author Contact Information.....	18
---------------------------------	----

## Introduction

Oman is located along the Arabian Sea, on the southern approaches to the Strait of Hormuz, across from Iran. Except for a brief period of Persian rule, Omanis have remained independent since expelling the Portuguese in 1650. The Al Said monarchy began in 1744, extending Omani influence into Zanzibar and other parts of East Africa until 1861. A long-term rebellion led by the Imam of Oman, leader of the Ibadhi sect (neither Sunni or Shiite and widely considered “moderate conservative”) ended in 1959; Oman’s population is 75% Ibadhi. Sultan Qaboos bin Sa’id Al Said, born in November 1940, is the eighth in the line of the monarchy; he became Sultan in July 1970 when, with British support, he forced his father to abdicate.

The United States signed a treaty of friendship with Oman in 1833, one of the first of its kind with an Arab state. This treaty was replaced by the Treaty of Amity, Economic Relations, and Consular Rights signed at Salalah on December 20, 1958. Oman sent an official envoy to the United States in 1840. A U.S. consulate was maintained in Muscat during 1880-1915, a U.S. embassy was opened in 1972, and the first resident U.S. Ambassador arrived in July 1974. Oman opened its embassy in Washington in 1973. Sultan Qaboos was accorded a formal state visit in April 1983 by President Reagan. He had previously had a U.S. state visit in 1974. President Clinton visited briefly in March 2000.

**Table I. Some Key Facts on Oman**

Population	2.7 million, which includes 816,000 non-citizens
Religions	Ibadhi Muslim, 75%; other, 25% (Sunni Muslim, Shiite Muslim, Hindu)
GDP (purchasing power parity, PPP)	\$80.9 billion (2011)
GDP per capita (PPP)	\$26,200 (2011)
GDP Real Growth Rate	4.4% (2011)
Unemployment Rate	15%
Inflation Rate	4.0% (2011), down from 12.5% in 2008
Oil Production	863,000 barrels per day
Oil Reserves	5-5.5 billion barrels
Oil Exports	750,000 barrels per day (bpd)
Natural Gas Production	875 billion cubic feet/yr
Natural Gas Reserves	30 trillion cubic feet
Natural Gas Exports	407 billion cubic feet/yr
Foreign Exchange and Gold Reserves	\$12.66 billion (end of 2011)
Energy Structure	Petroleum Development Oman (PDO) controls most oil and natural gas resources. PDO is a partnership between the Omani government (60%), Royal Dutch Shell (34%), Total (4%), and Partx (2%). Oman Oil Company is the investment arm of the Ministry of Petroleum.

**Sources:** CIA, *The World Factbook*; Energy Information Administration Country Analysis Brief, 2011.

Figure 1. Map of Oman



Source: CRS.

## Democratization, Human Rights, and 2011 Unrest<sup>1</sup>

Oman remains a monarchy in which decision-making still is largely concentrated with Sultan Qaboos, even though he has a reputation for benevolence and has been considered highly popular. Along with political reform issues, the question of succession had long been central to observers of Oman. Qaboos' brief marriage in the 1970s produced no children, and the Sultan, who was

<sup>1</sup> Information in this section is from several State Department reports: The Human Rights report for 2011 (May 24, 2012); the International Religious Freedom Report for July–December, 2010 (September 13, 2011); and the Trafficking in Persons Report for 2011 (June 27, 2011).

born in November 1940, therefore has no heir apparent. According to Omani officials, succession would be decided by a “Ruling Family Council” of his relatively small Al Said family (about 50 male members). A reported front-runner as successor is Minister of Heritage and Culture Sayyid Haythim bin Tariq Al Said, although some assess him as indecisive and often absent from his post. In part to have an effective governing structure in place should Qaboos leave the scene suddenly, some are pressing Qaboos to name a prime minister (Qaboos himself holds this position). Some observers mention the secretary general of the Foreign Ministry, Sayyid Badr bin Harib Al Busaidi, as a possibility for such a post; he is said to be efficient and effective.<sup>2</sup>

Despite the three-decade-long opening of the political process discussed below, in recent years some Omanis, particularly younger, well-educated professionals, have come to consider the pace of liberalization too slow. Many older Omanis, on the other hand, tend to compare the current degree of “political space” favorably with that during the reign of the Sultan’s father. Under the Sultan’s father, Omanis needed the Sultan’s approval even to wear spectacles, for example. Among those who have been critical of the pace of political liberalization, some Omanis (including some within the government) note that many top positions have been filled in recent years by former security officials, replacing academics or other professionals. Others saw progress in the holding in April 2009 of a two-day workshop in Muscat to discuss freedom of speech.<sup>3</sup> However, evidence that the pace of change has been perceived as slow was demonstrated in 2011 in the form of protest in several cities, following unrest sweeping other parts of the region. In Oman, two protesters were killed by security forces in the course of the demonstrations.

## **Representative Institutions and Election History**

Prior to the 2011 unrest, many Omanis and international observers had praised Sultan Qaboos for creating legislative institutions and an election process long before there was any evident public pressure to do so, even though the process advanced incrementally. Under a 1996 “Basic Law,” Qaboos created a bicameral “legislative” body called the Oman Council—consisting of an elected Consultative Council (*Majlis As Shura*), and an appointed State Council (*Majlis Ad Dawla*). The Consultative Council was first established in November 1991, replacing a 10-year-old advisory council, and had an initial size of 59 seats. It has been gradually expanded and now has 84 elected members. The Sultan appoints the Consultative Council president from among the membership, and the Consultative Council chooses two vice presidents. The State Council, which had 53 members at inception, has 83 appointed members as of 2012. Many of the appointees tend to be former high-ranking government or military officials, such as ex-ambassadors.

The Oman Council’s scope of authority has long been constrained. When it was created, it was not given power to draft legislation, lacked binding power to overturn the Sultan’s decrees or government regulations, and was generally confined to economic and social issues. Within the Oman Council, the State Council serves as a further check and balance on actions by the Consultative Council, although some believe it acted to limit impulsive excess of the elected body. Prior to the outbreak of unrest in Oman in 2011, some Omanis were saying in interviews that the Oman Council’s influence over policy had not increased over time—and many experts

---

<sup>2</sup> Author conversation with Omani Foreign Ministry consultant and unofficial envoy. May 5, 2011. This official has a name nearly identical to that of the Minister of State for Defense, but they are two different officials.

<sup>3</sup> Slackman, Michael. “With Murmurs of Change, Sultan Tightens His Grip.” *New York Times*, May 15, 2009.

assessed that Oman had begun to substantially lag several other Gulf states on political liberalization. As in the other Gulf states, formal political parties are not allowed. Unlike Bahrain or Kuwait, there are not well-defined “political societies” (de-facto parties) in Oman that compete within or outside the electoral process.

## **Electoral History**

Beyond expanding the size of the two chambers, Qaboos has gradually enfranchised Omanis to select the membership of the elected Consultative Council. In the 1994 and 1997 selection cycles for the council, “notables” in each of Oman’s districts chose up to three nominees, with Qaboos making a final selection for the council. The first direct elections to it were held in September 2000 (then a three-year term), but the electorate was limited (25% of all citizens over 21 years old). In November 2002, Qaboos extended voting rights to all citizens, male and female, over 21 years of age, and the October 4, 2003, Consultative Council elections—in which 195,000 Omanis voted (74% turnout)—resulted in a council similar to that elected in 2000, including the election of the same two women as in the previous election (out of 15 women candidates).

In the October 27, 2007, election (after changing to a four-year term), Qaboos allowed public campaigning. Turnout among 388,000 registered voters was 63%, including enthusiastic participation by women, but none of the 21 female candidates (out of 631 candidates) won.

## **2011 Unrest: Dissatisfaction, but Not Hunger for Major Change**

Although observers have long assessed Omanis as willing to overlook the limits to their political rights, evidence appeared in 2011 that many Omanis are dissatisfied with the pace of political change. About two weeks after Egyptian protests toppled President Hosni Mubarak in February 2011, protests broke out in the northern industrial town of Sohar, Oman. On February 27, 2011, several hundred demonstrators gathered there demanding better pay and more job opportunities; one was killed when security forces fired rubber bullets. Protests expanded in Sohar over the next few days, including the burning of cars and some shops, and spread to the capital, Muscat. Although most protesters said their demonstrations were motivated by economic factors—particularly a lack of available good jobs—some say they wanted the powers of the Majles expanded to approximate those of a Western legislature. However, few, if any, called for Qaboos to step down, even after the deaths of some protesters. Some protesters even displayed posters with his picture. Protests continued in Sohar and in Muscat throughout most of March 2011, including establishment of an encampment in Sohar’s main square.

By the end of March 2011, Qaboos appeared to have calmed much of the unrest through a series of measures. On March 29, 2011, he sent security forces to clear the protesters from their gathering places in Sohar. However, he also tried to address grievances in several ways, including with a minor cabinet reshuffle on February 26 and then a more extensive change of 12 out of 29 ministries on March 7, 2011. In the latter appointments, several members of the elected Consultative Council were appointed ministers. In the first of the cabinet changes, he added a woman (Madiha bint Ahmad bin Nasser) as education minister. He also sent representatives to meet with protesters, ordered that 50,000 new public sector jobs be created immediately, raised the minimum wage by about one-third (to about \$520 per month), and ordered that about \$400 be given to unemployed job seekers. He also decreed that the office of public prosecutor will have independence from government control, that there will be new consumer protections, and, as



noted below, expanded the powers of the Oman Council. These moves followed an earlier mandated increase in private sector minimum wages of 43% at the beginning of February.

Protests abated by April 1, 2011, but did not end totally, and tensions remained high. One demonstrator was killed in a demonstration in Sohar on April 1, 2011. On April 7, 2011, a small group of protesters outside the Oman Council headquarters in Muscat called for an investigation of the security forces for the killing of the two protesters in March (see above). Activists using e-mail and other electronic media called for protests in Sohar on April 8, 2011, but a heavy security presence prevented fresh protests. During late April until mid-May, 2011, protests, some said to be large, were held after each Friday prayers in the city of Salalah. Salalah is the capital of the Dhofar region, which was in rebellion against the Omani central government until the mid-1970s. Protests have been relatively few, but not absent, since. Possibly as a signal that the government is committed to ensuring economic well-being and to head off any revival of major protests, in August 2011, the government announced plans to increase spending by 9% in 2012 to finance construction projects and more jobs for nationals. A freeze on prices of certain goods, imposed August 18, 2011, could also have been intended to dampen further unrest.

Still, some unrest continues. In December 2011, twenty two jailed protesters (out of 50 who had been jailed for protesting) went on a hunger strike to protest sentences that they asserted were too long for the offense committed. In January 2012, the government announced plans to boost its expenditures by about 26% to provide for jobs, social security, and unemployment benefits—an apparent further budgetary effort to head off any resurgence of unrest. Still, in July 2012, there was a wave of oil sector strikes and further demonstrations in Sohar by recent graduates protesting a lack of job opportunities. Some protesters expressed anger at what they said was a waste of resources in Sultan Qaboos' sending of 100 horses to the Diamond Jubilee celebration of Britain's Queen Elizabeth.

### **October 2011: Election Following The Bulk of the Unrest**

The 2011 unrest affected the October 2011 Consultative Council elections. As part of his reaction to early unrest, on March 13, 2011, Qaboos issued a decree granting the Oman Council legislative and regulatory powers, with exact powers to be determined by a government-appointed committee. This announcement raised the stakes for candidates and voters in the Consultative Council elections and State Council appointments, because the next Oman Council would presumably have more influence on policy than the previous ones. The election date was set as October 15, 2011.

As of the filing deadline, a total of 1,330 candidates had announced their candidacies. This was a 70% increase from the number of candidates in the 2007 vote and suggests that the 2011 unrest had increased political activism and attracted candidates inspired by the increase in the Oman Council's powers. A record 77 women filed candidacies, compared to the 21 that filed in the 2007 vote. The government did not permit outside election monitoring.

Of the 520,000 Omanis who registered to vote, about 300,000 voted—the turnout of about 60% (about the same as in the 2007 election) appeared to refute those who felt that the citizenry would shun the political process following the months of unrest. Hopes among many Omanis that at least several women would win were dashed—only one was elected, a candidate from Seeb (suburb of the capital, Muscat). Some reformists were heartened by the election victory of two political activists—Salim bin Abdullah Al Oufi, and Talib Al Maamari, an academic. The government hailed the turnout as evidence of its popularity and an endorsement of its handling of

the 2011 protest movement. In the State Council appointments that followed the Consultative Council elections, the Sultan appointed 15 women, bringing the total female participation in the Oman Council to 16 out of 154 total seats—just over 10%.

On October 19, 2011, in line with the March 2011 decree (see above), the Sultan issued another decree giving the Oman Council some legislative powers to include approving, rejecting, and amending legislation, and the power to question ministers who head agencies that provide direct citizen services. However, the expanded powers appear to fall short of what many observers would consider those of a legislature.

## **U.S. Responses**

The U.S. reaction to the 2011 unrest in Oman was muted, possibly because Oman is a key ally of the United States and perhaps because the unrest appeared minor relative to the rest of the region. No U.S. statements were issued about Oman's responses to the unrest. On June 1, 2011, after the unrest had begun, and after some government force had suppressed protests, then U.S.

Ambassador Richard Schmierer gave an interview to an Omani paper, saying: "This certainly has been a fascinating time to serve in the Middle East. The entire region, including Oman, has witnessed enormous change in an extremely brief period of time. Sultan Qaboos was quick to recognize and respond to the needs of Omanis. The way in which he responded to the concerns of the Omani people is a testament to his wise leadership."<sup>4</sup> At her confirmation hearings on July 18, 2012, Ambassador-Designate to Oman Greta Holz (subsequently confirmed) said "If confirmed, I will encourage Oman, our friend and partner, to continue to respond to the hopes and aspirations of its people."

## **Broader Human Rights Issues**

The government's practices on numerous other issues affect popular sentiment in Oman. The State Department human rights report for 2011 did not repeat the assertions of the reports in previous years that "the government generally respect[s] the human rights of its citizens." The 2011 report states that "The principal human rights problems were the inability of citizens to change their government, limits on freedom of speech, and societal mores that discriminate against women. The report adds that security force impunity was not a significant problem. Oman has a human rights commission which is an "autonomous body" attached to the State Council; it was set up in November 2008.

U.S. funds from the Middle East Partnership Initiative and the Near East Regional Democracy account (both State Department accounts) have been used to fund civil society and political process strengthening, judicial reform, election management, media independence, and women's empowerment. In 2011, Oman established a new scholarship program through which 500 Omanis have enrolled in higher education in the United States.

---

<sup>4</sup> <http://oman.usembassy.gov/pr-06012011.html>

## **Freedom of Expression/Media**

The State Dept. human rights report for 2011 states that the law provides for limited freedom of speech and press, but the government generally restricts these rights in practice. Press criticism of the government is tolerated, but criticism of the Sultan (and by extension, government officials in general) is not. Private ownership of radio and television stations is not prohibited, but there are very few privately owned stations, with the exception of Majan TV, and three radio stations: HiFM, HalaFM, and Wisal. However, availability of satellite dishes has made foreign broadcasts accessible to the public. There are some legal or practical restrictions to Internet usage, and only about 15% of the population has subscriptions to Internet service. Many Internet sites are blocked, primarily for offering sexual content, but many Omanis are able to bypass restrictions by accessing their Internet over smart cell phones.

In September 2011, a lower court decision resulted in the one month closure of a prominent newspaper, *Az Zaman*, and the jailing of two of its editors. The sentences were for allegedly insulting the justice minister in articles about corruption and abuses in that ministry.

## **Labor Rights**

Omani workers have the right to form unions and to strike. However, only one federation of trade unions is allowed, and the calling of a strike requires an absolute majority of workers in an enterprise. The labor laws permit collective bargaining and prohibit employers from firing or penalizing workers for union activity. Labor rights are regulated by the Ministry of Manpower.

## **Religious Freedom**

The 1996 Basic Law affirmed Islam as the state religion, but provides for freedom to practice religious rites as long as doing so does not disrupt public order. The State Department's religious freedom report for July-December 2010 noted "no change in the status of respect for religious freedom by the government during the reporting period." According to the report, "There were no significant reports of societal abuses or discrimination based on religious affiliation, belief, or practice [during the reporting period]." Non-Muslims are free to worship at temples and churches built on land donated by the Sultan, but there are some limitations on non-Muslims' proselytizing and on religious gatherings in other than government-approved houses of worship.

All religious organizations must be registered with the Ministry of Endowments and Religious Affairs (MERA). Among non-Muslim sponsors recognized by MERA are the Protestant Church of Oman; the Catholic Diocese of Oman; the al Amana Center (interdenominational Christian); the Hindu Mahajan Temple; and the Anwar al-Ghubairia Trading Co. Muscat (for the Sikh community). The government agrees in principle to allow Buddhists to hold meetings if they can find a corporate sponsor. Members of all religions and sects are free to maintain links with coreligionists abroad and travel outside Oman for religious purposes. Private media have occasionally published anti-Semitic editorial cartoons.

## **Advancement of Women**

Throughout his tenure, Sultan Qaboos has given major speeches on the equality of women and their importance in national development, and they now constitute over 30% of the workforce. The first woman of ministerial rank in Oman was appointed in March 2003, and since 2004, there

have been several women of that rank. As of August 2012, there are two female ministers in the 29 member cabinet (minister of education, and minister of higher education). In April 2004, Qaboos placed five women among the 29 appointees to the public prosecutors office. Oman's ambassadors to the United States and to the United Nations are women.

There were 14 women in the 2007-2011 State Council, appointed following the 2007 election, up from nine in the 2003-2007 council. As noted, no woman was elected to the Consultative Council in 2007, reducing the female representation from the two that had been selected in the previous cycles, and only one was elected in the election held on October 15, 2011.

At the citizen level, allegations of spousal abuse and domestic violence are fairly common, with women finding protection primarily through their families. Omani women also continue to face social discrimination often as a result of the interpretation of Islamic law.

### **Trafficking in Persons**

In October 2008, President Bush directed (Presidential Determination 2009-5) that Oman be moved from "Tier 3" on trafficking in persons (worst level, assessed in the June 4, 2008, State Department report on that issue), to "Tier 2/Watch List." That determination was made on the basis of Omani pledges to increase efforts to counter trafficking in persons. In the report for 2010, issued June 14, 2010, Oman's "grade" remained at Tier 2—the level it was assigned in the 2009 report. The Tier 2 ranking was repeated in the trafficking report for 2011 (released June 27, 2011) and the report for 2012 (released June 19, 2012). The 2009-2012 rankings were based on an assessment that Oman is making significant efforts to comply with minimum standards for the elimination of trafficking and on its prosecutions for those trafficking in persons. Still, Oman is considered a destination and transit country for men and women primarily from South and East Asia, in conditions indicative of forced labor.

## **Defense and Security Ties**

Sultan Qaboos, who is Sandhurst-educated and is respected by his fellow Gulf rulers as a defense strategist, has long seen the United States as the key security guarantor of the region. He also has consistently advocated expanded defense cooperation among the Gulf states. Oman was the first Gulf state to formalize defense relations with the United States after the Persian Gulf region was shaken by Iran's 1979 Islamic revolution, which it was at first feared would spread throughout the Middle East and lead to the downfall of monarchy states there. Oman signed an agreement to allow U.S. forces access to Omani military facilities on April 21, 1980. Three days later, the United States used Oman's Masirah Island air base to launch the failed attempt to rescue the U.S. embassy hostages in Iran. During the September 1980–August 1988 Iran-Iraq War, the United States built up naval forces in the Gulf to prevent Iranian attacks on international shipping. Oman played the role of quiet intermediary between the United States and Iran for the return of Iranians captured in clashes with U.S. naval forces in the Gulf during that war.

Under the U.S.-Oman access agreement, which was renewed in 1985, 1990, 2000, and 2010, the United States reportedly can use—with advance notice and for specified purposes—Oman's military airfields in Muscat (the capital), Thumrait, and Masirah Island. Some U.S. Air Force

equipment, including lethal munitions, is stored at these bases.<sup>5</sup> During the renewal negotiations in 2000, the United States acceded to Oman's request that the United States fund a \$120 million upgrade of a fourth air base (Khasab) at Musnanah (50 miles from Muscat).<sup>6</sup>

In conjunction with the 2010 renewal, the U.S. military sought to respond to an Omani request to move some U.S. equipment to expanded facilities at Musnanah, from the international airport at Seeb, to accommodate commercial development at Seeb. Conferees on the DOD authorization act for FY2010 (P.L. 111-84) did not incorporate into that law a DOD request for \$116 million to carry out that move, on the grounds that U.S. Central Command had not formulated a master plan—or obtained an Omani contribution—for the needed further construction at Musnanah. One complication could be the fact that, according to observers, about 200 British military personnel were moving to Musnanah from Seeb,<sup>7</sup> and it was unclear whether the facility can accommodate both U.S. and British personnel. However, some of the issues were apparently cleared up because the DOD authorization act for FY2011 (P.L. 111-383, signed January 7, 2011) authorized \$69 million in military construction funding for the Musnanah facility. Perhaps sensing that the Obama Administration was attempting to accommodate the request, the access agreements were renewed in November 2010.<sup>8</sup>

Oman's facilities contributed to U.S. major combat operations in Afghanistan (Operation Enduring Freedom, OEF) and, to a lesser extent, Iraq (Operation Iraqi Freedom, OIF), even though Omani leaders said that invading Iraq could “incite revenge” against the United States in the Arab world. According to the Defense Department, during OEF there were about 4,300 U.S. personnel in Oman, mostly Air Force, and U.S. B-1 bombers, indicating that the Omani facilities were used extensively for strikes during OEF. The U.S. military presence in Oman fell to 3,750 during OIF because facilities in Gulf states closer to were used more extensively for OIF. Since 2004, there have been small numbers (less than 50) of U.S. military personnel in Oman (almost all Air Force)<sup>9</sup> – and below the pre-OEF figure of about 200 U.S. personnel. Since that same time frame (post-2004), Omani facilities reportedly have not been used for air support operations in either Afghanistan or Iraq. Unlike Bahrain or UAE, Oman has not contributed personnel to training or military missions in Afghanistan.

Even though the U.S. military presence in Oman has shrunk dramatically over the past decade, some Omani officials may want to reduce its visibility further. That view could reflect an Omani calculation that the U.S. military presence angers Islamist Omanis, Iran, and members of anti-U.S. terrorist organizations that may operate throughout the Gulf. Some Omani officials reportedly have discussed with their U.S. counterparts the possibility of relocating U.S. personnel to Masirah Island, which is one of the locations covered under the Access Agreement but which is offshore and sparsely inhabited. On the other hand, Masirah's runway is shorter than that of Thumrait, the main location used by the U.S. Air Force, and some U.S. military officials consider Masirah therefore less suitable. As of May 2012, there has not been any announced relocation of U.S. personnel to Masirah.

---

<sup>5</sup> Hajjar, Sami. *U.S. Military Presence in the Gulf: Challenges and Prospects*. U.S. Army War College, Strategic Studies Institute. P. 27.

<sup>6</sup> Finnegan, Philip. “Oman Seeks U.S. Base Upgrades.” *Defense News*, April 12, 1999.

<sup>7</sup> Author conversation with Muscat Daily reporter about Musnanah. April 28, 2011.

<sup>8</sup> Author conversation with State Department officer responsible for Oman. January 6, 2011.

<sup>9</sup> Contingency Tracking System Deployment File, provided to CRS by the Department of Defense.

## **U.S. Arms Sales and other Security Assistance to Oman<sup>10</sup>**

Oman's approximately 45,000-person armed force is the third largest of the Gulf Cooperation Council states (GCC, including Saudi Arabia, Kuwait, UAE, Oman, Bahrain, and Qatar) and is widely considered one of the best trained. However, it is not the best equipped. Using U.S. assistance and national funds, Oman is trying to expand and modernize its arsenal primarily with purchases from the United States. Because of his historic ties to the British military, Qaboos early on relied on seconded British officers to command Omani military services. British officers are now mostly advisory. Much of its arsenal still is British-made, although it is increasingly purchasing U.S. and not British systems.

### **Arms Purchases by Oman**

Oman uses Foreign Military Financing (FMF) and national funds to modernize its forces. In October 2001, after years of consideration and overtures from competing arms manufacturing nations, Oman purchased (with its own funds) 12 U.S.-made F-16 C/D aircraft from new production. Along with associated weapons (Harpoon and AIM missiles), a podded reconnaissance system, and training, the sale was valued at about \$825 million; deliveries were completed in 2006. Oman made the purchase in part to keep pace with its Gulf neighbors, including UAE and Bahrain, that had bought F-16s. In July 2006, according to the Defense Security Cooperation Agency (DSCA), Oman bought the JAVELIN anti-tank system, at a cost of about \$48 million.

Some major U.S. sales to Oman have been expected as part of an estimated \$20 billion sales package to the Gulf states under the U.S. "Gulf Security Dialogue" intended to contain Iran, although most of the sales notified thus far are to the much wealthier Saudi Arabia and UAE. As part of that effort:

- The Defense Security Cooperation Agency (DSCA) notified Congress on August 4, 2010, of a potential sale to Oman of up to 18 additional F-16s and associated equipment and support. The sale could be worth up to \$3.5 billion to the main manufacturer, Lockheed Martin, which said in May 2011 that it hoped to have a firm contract in place with Oman by early 2012.<sup>11</sup> Oman signed a contract with Lockheed Martin for 12 of the aircraft in December 2011, with a contract for an additional six still possible.
- In November 2010, DSCA notified Congress of a possible sale of up to \$76 million worth of countermeasures equipment and training to protect the C-130J that Oman is buying from Lockheed Martin under a June 2009 commercial contract. The prime manufacturer of the countermeasures equipment is Northrop Grumman.
- On October 19, 2011, DSCA notified Congress of a potential sale to Oman of AVENGER fire units, Stinger missiles, and Advanced Medium Range Air to Air Missiles (AMRAAMs)—all of which are to help Oman develop a layered air

---

<sup>10</sup> Section 564 of Title V, Part C of the Foreign Relations Authorization Act for FY1994 and FY1995 (P.L. 103-236) banned U.S. arms transfers to countries that maintain the Arab boycott of Israel during those fiscal years. As applied to the GCC states, this provision was waived on the grounds that doing so was in the national interest.

<sup>11</sup> Andrea Shalal-Esa. "Lockheed Hopes to Finalize F-16 Sales to Iraq, Oman." Reuters, May 16, 2011.

defense system. The total value of the potential sale, including associated equipment and training, is about \$1.25 billion.

- On June 13, 2012, DSCA notified a sale of various types of AIM “Sidewinder” air-to-air missiles to modernize Oman’s F-16 fleet and enhance its interoperability with U.S. forces.

### ***Other Uses for Foreign Military Financing (FMF)***

FMF has been used to help Oman purchase several other types of equipment that help Oman secure its borders, operate alongside U.S. forces, and combat terrorism. FMF, recent amounts of which are shown in the table below, has helped Oman buy U.S.-made coastal patrol boats (“Mark V”) for anti-narcotics, anti-smuggling, and anti-piracy missions, as well as aircraft munitions, night-vision goggles, upgrades to coastal surveillance systems, communications equipment, and de-mining equipment.

### ***Provision of Excess Defense Articles (EDA)***

Oman is eligible for grant U.S. excess defense articles (EDA) under Section 516 of the Foreign Assistance Act. It received 30 U.S.-made M-60A3 tanks in September 1996 on a “no rent” lease basis (later receiving title outright). There have been minor EDA grants since 2000, particularly gear to help Oman monitor its borders and waters and to improve inter-operability with U.S. forces. In 2004, it turned down a U.S. offer of EDA U.S.-made M1A1 tanks, but Oman is believed to still need new armor to supplement the 38 British-made Challenger 2 tanks and 80 British-made Piranha armored personnel carriers Oman bought in the mid-1990s.

Regarding purchases from other countries, in the past three years, Oman has continued to buy some British equipment, including Typhoon fighter aircraft and patrol boats. It has also bought some Chinese-made armored personnel carriers and other gear.

### ***IMET Program***

The International Military Education and Training program (IMET) program is used to promote U.S. standards of human rights and civilian control of military and security forces, as well as to fund English language instruction, and promote inter-operability with U.S. forces. Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) funds are used to help Oman develop controls and train and equip personnel to prevent proliferation and combat terrorism. In FY2011, DOD funds (“Section 1206” funds) were used to help Oman’s military develop its counterterrorism capability through deployment of biometric data collection devices. A small portion of the FY2012 funds (\$48,000) are being used to give a human rights seminar to unit commanders and key staff of Oman’s military.

**Table 2. Recent U.S. Aid to Oman**

(In millions of dollars)

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
IMET	0.75	0.83	1.14	1.14	1.11	1.43	1.45	1.525	1.622	1.65	2.05
FMF	80.0	24.85	19.84	13.86	13.49	4.712	7.0	8.85	13.0	8.0	8.0
NADR		.40	0.554	0.4	1.28	1.593	0.95	1.655	1.5	1.5	1.0
1206									0.948		

**Note:** IMET is International Military Education and Training; FMF is Foreign Military Financing; NADR is Nonproliferation, Anti-Terrorism, De-Mining and Related Programs, and includes ATA (Anti-Terrorism Assistance); EXBS (Export Control and Related Border Security); and TIP (Terrorism Interdiction Program). Numbers for FY2011 reflect final allocations by State Dept.

## Cooperation Against Islamic Militancy

Since September 11, 2001, Oman has cooperated with U.S. legal, intelligence, and financial efforts against terrorism. According to the State Department report on global terrorism for 2011, released July 31, 2012, was actively involved in preventing terrorists from conducting attacks and using the country for safe haven or transport. The previous year's State Department report credited Oman with transparency regarding its anti-money laundering and counterterrorist financing enforcement efforts, and with steady improvement in its legal system related to those efforts. That State Department report for 2009 credited Oman with convicting and sentencing to life in prison an Omani businessman, Ali Abdul Aziz al-Hooti, for helping to plan terrorist attacks in Oman and for helping to fund a Pakistan-based terrorist group, Lashkar-e-Tayyiba.

Other relatively recent steps include Oman's enactment of a January 2007 law establishing a National Committee for Combating Terrorism, a December 2006 agreement with Saudi Arabia to control cross-border transit, and the establishment of a financial intelligence unit of the Directorate of Financial Crimes of the Royal Omani Police. In September 2008, it strengthened its anti-money laundering program by requiring non-banking establishments to verify the identity of their clients and document financial transactions. In December 2004, the government arrested 31 Ibadhi Muslims (Omani citizens) on suspicion of conspiring to establish a religious state, but Qaboos pardoned them in June 2005.

On November 22, 2005, Oman joined the U.S. "Container Security Initiative," agreeing to pre-screening of U.S.-bound cargo from its port of Salalah for illicit trafficking of nuclear and other materials, and for terrorists. U.S. aid to Oman (NADR funds) help Oman establish effective export controls, sustain its counter-terrorism training capabilities, and control movements of illegal immigrants across its borders. In 2011, Oman bought biometrics and other equipment to better secure its borders and coastline, particularly at night. And, it cooperates with State Department programs (Export Control and Related Border Security, EXBS) on developing and implementing comprehensive strategic export controls.



## Cooperation on Regional Issues

Sultan Qaboos has sometimes pursued foreign policies outside an Arab or Gulf consensus, although Oman is an integral part of the Gulf Cooperation Council (GCC). Some of Oman's stances, such as its consistent engagement with Iran, have appeared at odds with both GCC and U.S. policy. Other of its positions, such as on the Arab-Israeli dispute, have been highly supportive of U.S. policy, sometimes to the point of alienating other Arab leaders. Oman has generally been a skeptic of some GCC plans for greater economic and political coordination; it balked at a Gulf state plan to form a monetary union and, as discussed below, opposes a Saudi plan for GCC political unity.

### Iran

Of the Gulf states, Oman is perceived as politically closest to and the least critical of Iran. Sultan Qaboos has long maintained that there is no inconsistency between Oman's alliance with the United States and its friendship with Iran. Not only have successive Administrations refrained from criticizing the Omani position, but this Oman-Iran relationship has proved useful to the United States in the past. Oman was an intermediary through which the United States returned Iranian prisoners captured during U.S.-Iran skirmishes in the Persian Gulf in 1987-1988. Oman reprised this intermediary role on September 14, 2010, when Iran released U.S. citizen Sara Shourd, a hiker who was arrested with two friends in July 2009 for crossing from Iraq onto Iranian territory. A U.S. State Department spokesman publicly confirmed that Oman had played a brokering role in her release, possibly including paying her \$500,000 bail to Iranian authorities, and she flew to Oman after her release. Omani diplomats subsequently negotiated with Iran for the release of the other two hikers, Josh Fattal and Shane Bauer, the latter of which had become Sara Shourd's fiancé during their incarceration. They were released on September 21, 2011, flying from Iran to Oman on their way back to the United States. It was subsequently reported that a State Department official on Iran affairs had coordinated with Oman and with Switzerland (which represents U.S. interests in Iran) to achieve their release.<sup>12</sup>

Some accounts say that Oman, over the past three years, Oman has drawn closer to Iran than it has previously—even as the United States and its partners have greatly increased sanctions against Iran over its nuclear program. Sultan Qaboos last visited Tehran in August 2009, his first visit there since the 1979 Islamic revolution. He went forward with the visit even though the June 2009 reelection of President Mahmoud Ahmadinejad was widely challenged in Iran as fraudulent by large numbers of demonstrators in Tehran and in other cities. To this extent, the Qaboos visit was viewed as a sign that Oman was endorsing—or at least deciding to set aside the issue of—Ahmadinejad's reelection.

On August 4, 2010, it signed a security pact with Iran, which reportedly commits the two to hold joint military exercises.<sup>13</sup> The United States did not criticize Oman's entry into this pact with Iran, possibly believing that the agreement will not result in much significant new cooperation between the two. The 2010 pact follows an earlier pact, signed in August 2009, that focused on cooperating against smuggling across the Gulf of Oman, which separates the two countries. The Oman-Iran pacts were ratified by Iran's *Majles* (parliament) on December 20, 2010. The two

---

<sup>12</sup> Dennis Hevesi. "Philo Dibble, Diplomat and Iran Expert, Dies At 60." *New York Times*, October 13, 2011.

<sup>13</sup> Iran, Oman Ink Agreement of Defensive Cooperation. Tehran Fars News Agency, August 4, 2010.

countries have held one joint exercise under the pact, according to U.S. Ambassador to Oman Holz. Oman has long publicly opposed any U.S. attack on Iran's nuclear facilities.

Economically, the two conduct formal trade, supplemented by the informal trading relations that have long characterized the Gulf region. Oman's government is said to turn a blind eye to the smuggling of a wide variety of goods to Iran from Oman's Musandam Peninsula territory. The trade is illegal in Iran because the smugglers avoid paying taxes in Iran, but Oman's local government collects taxes on the goods shipped.<sup>14</sup> Iran and Oman have discussed potential investments to develop Iranian offshore natural gas fields that adjoin Oman's West Bukha oil and gas field in the Strait of Hormuz. The Omani field began producing oil and gas in February 2009. Such a joint project, if implemented, could potentially constitute a violation of the Iran Sanctions Act, as amended. (See CRS Report RS20871, *Iran Sanctions*, for a discussion of the act and its provisions). However, the United States has not publicly raised this issue, or otherwise accused Oman of any violations or noncooperation with international sanctions against Iran. Ambassador Holz, at her confirmation hearings on July 18, 2012, said that Oman is "compliant and supportive of the international sanctions on Iran."

Experts try to explain why Oman is not as wary of Iran as are the other GCC states. Oman has no sizable Shiite community with which Iran could meddle in Oman, so the fear of Iranian interference is less pronounced. There are also residual positive sentiments pre-dating Iran's Islamic revolution. Oman still appreciates the military help the Shah of Iran provided in helping end a leftist revolt in Oman's Dhofar Province during 1964-1975. Others attribute Oman's position on Iran to its larger concerns that Saudi Arabia has sought to spread its Wahhabi form of Islam into Oman, and Oman sees Iran as a rival to and potential counterweight to Saudi Arabia.

At times, Oman's attempts to steer a middle ground between Iran and the United States have caused problems for Oman. For example, in April 1980, within days of signing the agreement allowing the United States military to use several Omani air bases, the United States used these facilities—reportedly without prior notification to Oman—to launch the abortive mission to rescue the U.S. Embassy hostages seized by Iran in November 1979.<sup>15</sup> Oman complained to the United States about the lack of prior notification of the mission.

## **Iraq**

On Iraq, and generally in line with other GCC states, Omani officials say that the Omani government and population are dismayed at the Shiite Islamist domination of post-Saddam Iraq and its pro-Iranian tilt. Oman opened an embassy in post-Saddam Iraq but then closed it for several years following a shooting outside it in November 2005. The embassy reopened in 2007 but Oman's Ambassador to Iraq is non-resident. The Ambassador, appointed in March 2012, serves concurrently as Oman's Ambassador to Jordan and is resident there. The shooting wounded four, including an embassy employee. Oman provided about \$3 million to Iraq's post-Saddam reconstruction, a relatively small amount compared to some of the other Gulf states.

---

<sup>14</sup> Ibid.

<sup>15</sup> CRS conversations with U.S. Embassy officials in Oman. 1995-2003.

## **Afghanistan**

As noted above, Oman has not sent forces or trainers to Afghanistan, although its facilities have been used by U.S. forces to support operations there. Still, Oman has been engaged on the issue—on February 24, 2011, Oman hosted then Chairman of the Joint Chiefs of Staff Admiral Michael Mullen for meetings with Omani senior defense leaders and discussions there on Afghanistan and Pakistan with Mullen’s chief Pakistani counterpart, Chief of Army Staff General Ashfaq Kayani.<sup>16</sup>

## **Arab-Israeli Issues**

On the Arab-Israeli dispute, in a stand considered highly supportive of U.S. policy, Oman was the one of the few Arab countries not to break relations with Egypt after the signing of the Egyptian-Israeli peace treaty in 1979. All the GCC states participated in the multilateral peace talks established by the 1991 U.S.-sponsored Madrid peace process, but only Oman, Bahrain, and Qatar hosted working group sessions of the multilaterals. Oman hosted an April 1994 session of the working group on water and, as a result of those talks, a Middle East Desalination Research Center was established in Oman. Participants in the Desalination Center include Israel, the Palestinian Authority, the United States, Japan, Jordan, the Netherlands, South Korea, and Qatar.

In September 1994, Oman and the other GCC states renounced the secondary and tertiary Arab boycott of Israel. In December 1994, it became the first Gulf state to officially host a visit by an Israeli Prime Minister (Yitzhak Rabin), and it hosted then Prime Minister Shimon Peres in April 1996. In October 1995, Oman exchanged trade offices with Israel, essentially renouncing the primary boycott of Israel. However, there was no move to establish diplomatic relations. The trade offices closed following the September 2000 Palestinian uprising.

Oman has expressed an openness to renewing trade ties with Israel if there is progress on Israeli-Palestinian issues. In an April 2008 meeting in Qatar, Omani Foreign Affairs Minister Yusuf bin Alawi bin Abdullah informed then Israeli Foreign Minister Tzipi Livni that the Israeli trade office in Oman would remain closed until agreement was reached on a Palestinian state, although the meeting itself represented a level of diplomatic outreach by Oman to Israel. There was little follow-up thereafter and Oman, like many other Arab states, considers Israeli Prime Minister Benjamin Netanyahu opposed to a settlement that would be acceptable to the Palestinians. Nevertheless, several Israeli officials reportedly visited Oman in November 2009 to attend the annual conference of the Desalination Center, and the Israeli delegation held talks with Omani officials on the margins of the conference; this suggests that Oman does not forswear all contact with Israel.<sup>17</sup> Oman reiterated its offer to resume trade contacts with Israel if Israel agrees to at least a temporary halt in Israeli settlement construction in the West Bank. Israel did suspend such activity but that suspension was lifted in September 2010; Israel and Oman have not resumed trade office exchanges. Oman supports the Palestinian Authority drive for U.N. recognition.

---

<sup>16</sup> “Mullen, Mattis Meet With Omani Counterparts.” American Forces Press Service. February 24, 2011.

<sup>17</sup> Ravid, Barak. “Top Israeli Diplomat Holds Secret Talks in Oman.” Haaretz, November 25, 2009. <http://www.haaretz.com/hasen/pages/1130242.html>

## **Yemen**

Oman's relations with neighboring Yemen have traditionally been troubled, giving Oman a significant stake in political stabilization there. The former People's Democratic Republic of Yemen (PDRY), considered Marxist and pro-Soviet, supported Oman's Dhofar rebellion in the 1960s and early 1970s. Oman-PDRY relations were normalized in 1983, but there were occasional border clashes between the two later in that decade. Relations improved after 1990, when PDRY merged with North Yemen to form the combined modern-day Republic of Yemen. In September 2008, the two countries began discussions to form a regional center to combat piracy. In May 2009, Oman signaled support for Yemen's integrity and the government of President Ali Abdullah Saleh by withdrawing the Omani citizenship of southern Yemeni politician Ali Salim Al Bidh, an advocate of separatism in south Yemen.

Oman has closely watched the popular uprising in Yemen out of concern that violence might increase and destabilize the southern Arabian peninsula. In 2011, Oman built some refugee camps near its border with Yemen to accommodate possible refugees who might flee an escalation of violence there. As part of the GCC, Oman backed the GCC efforts to negotiate a peaceful transition from the rule of Ali Abdullah Saleh, who returned to Yemen in late September 2011 following recuperation in Saudi Arabia following an attack on him in June 2011. Saleh agreed in December 2011 to give up power and he departed Yemen in January 2012 in line with the GCC plan. However, stability has not returned, and Al Qaeda-linked groups have reportedly taken advantage of the turmoil to increase their influence in parts of Yemen. According to the State Department FY2013 foreign aid budget justification, this has caused Oman to redeploy assets to better secure its border with Yemen, in the process thinning out Oman's capabilities elsewhere.

## **Other GCC and Regional Issues: Bahrain, Libya, and Syria**

Oman, as did the other members of the GCC, fully backs the Al Khalifa regime in Bahrain in its confrontation with mostly Shiite opposition protests. Oman supported the GCC consensus to send forces from the GCC joint "Peninsula Shield" unit into Bahrain on March 14, 2011, to provide backing to the regime's beleaguered security forces. The GCC Peninsula Shield consisted of 1,000 Saudi forces and 500 UAE police, as well as Kuwaiti naval units. No Omani forces were deployed. The GCC forces were withdrawn in June 2011 after Bahrain lifted the state of emergency that had been imposed in March 2011. The GCC countries also decided, in March 2011, to set up a \$20 billion fund to help the two members, Bahrain and Oman, that were facing popular unrest, with the funds to be used to create jobs and take other steps to ease protester anger.

In order to ensure that Shiite factions do not take power in Bahrain, at a GCC leadership meeting on May 14, 2012, Saudi Arabia advanced a plan for political unity among the GCC states. A unity agreement would presumably give Saudi Arabia greater justification to intervene again in Bahrain on the Bahrain royal family's behalf. However, the plan was not adopted due to concerns among the other GCC leaders about surrendering some of their sovereignty. Observers say that Oman was perhaps the most vociferous opponent of the Saudi plan.<sup>18</sup>

Oman did not appear to have played as active a role in supporting the Libya uprising as its fellow GCC states Qatar and UAE. According to a wide range of accounts, Oman did not supply

---

<sup>18</sup> Comments to the author by a visiting GCC official. May 2012.

weapons or advice to rebel forces, as Qatar and UAE did to varying degrees. Oman recognized the opposition Transitional National Council as the legitimate government of Libya only after Tripoli fell to the rebellion on August 21, 2011.

Oman is part of the Arab League. It backed an Arab League plan to try to broker a resolution of the unrest in Syria, including the December 2011 deployment of Arab League monitors that would facilitate a withdrawal of the Syrian military from civilian neighborhoods. In November 2011, Oman voted to suspend Syria's membership in the Arab League. In 2012, in concert with the other GCC states, Oman has closed its embassy in Damascus. Some GCC states are widely reported to be arming Syria's opposition but it is believed that Qatar, Saudi Arabia, and UAE are taking the lead on that initiative, with little if any Omani participation.

### **Border Disputes with UAE**

Border disputes and political differences between Oman and the United Arab Emirates (UAE) have sometimes flared. The two countries finalized their borders only in 2008, nearly a decade after a tentative border settlement in 1999. In January 2011, Oman arrested several UAE citizens that it said were spying on Oman. That came a few months after the UAE arrested about 25 Omanis on similar accusations. Some observers believe the two may indeed be spying on each other because of their differing views on Iran; the UAE is more suspicious of Iran than is Oman.

## **Economic and Trade Issues<sup>19</sup>**

Despite Omani efforts to diversify its economy, oil exports generate about 60% of government revenues. Oman has a relatively small 5.5 billion barrels (maximum estimate) of proven oil reserves, enough for about 15 years, and some energy development firms say that production at some Omani fields is declining.<sup>20</sup> Still, relatively high oil prices in 2011 helped Oman's GDP grow about 3.5% for that year.

The United States is Oman's fourth-largest trading partner, and there was over \$3.6 billion in bilateral trade in 2011, nearly double the \$1.87 billion in 2010. In 2011, the United States exported \$1.434 billion in goods to Oman, and imported \$2.2 billion from Oman. Of U.S. exports to Oman, the largest product categories were automobiles, aircraft and related parts, and drilling and other oilfield equipment. Of the imports, \$1.65 billion (about 75% of all U.S. imports from Oman that year) was crude oil.

Oman is not a member of the Organization of the Petroleum Exporting Countries (OPEC) and is therefore not bound by an oil export quota set by that organization. Recognizing that its crude oil fields are aging, Oman is trying to privatize its economy, diversify its sources of revenue, and develop its liquid natural gas (LNG) sector, for which Oman has identified large markets in Asia and elsewhere. Gas ventures with Iran that are under discussion were addressed above, in the "Iran" section. In November 2008, Oman signed a 20-year agreement with Occidental Petroleum to develop existing gas fields and explore for new ones. Oman is part of the "Dolphin project,"

---

<sup>19</sup> For more information on Oman's economy and U.S.-Oman trade, see CRS Report RL33328, *U.S.-Oman Free Trade Agreement*, by Mary Jane Bolle.

<sup>20</sup> Gerth, Jeff and Stephen Labaton. "Oman's Oil Yield Long in Decline, Shell Data Show." *New York Times*, April 8, 2004.

under which Qatar is exporting natural gas to UAE and Oman through undersea pipelines; it began operations in 2007. The natural gas supplies to Oman from Dolphin free up other Omani natural gas supplies for sale to its customers. The need to diversify may have gained further urgency in August 2011 when Reliance Energy Ltd. of India abandoned plans to develop an offshore oil block six years after signing a production sharing agreement with the government.

Oman was admitted to the WTO in September 2000. The U.S.-Oman Free Trade Agreement was signed on January 19, 2006, and ratified by Congress (P.L. 109-283, signed September 26, 2006). According to the U.S. embassy in Muscat, the FTA has led to increased partnerships between Omani and U.S. companies. General Cables and Dura-Line Middle East are two successful examples of joint ventures between American and Omani firms. Notably, these two new ventures are not focused on hydrocarbons, which serves to show that the U.S.-Omani trade relationship is varied and not focused only on oil.

### **Economic Aid**

The United States phased out development assistance to Oman in 1996. At the height of that development assistance program in the 1980s, the United States was giving Oman about \$15 million per year in Economic Support Funds (ESF) in loans and grants, mostly for conservation and management of Omani fisheries and water resources.

### **Author Contact Information**

Kenneth Katzman  
Specialist in Middle Eastern Affairs  
kkatzman@crs.loc.gov, 7-7612